

Registered with

The Central Bank of Armenia

Chairman: A. Javadyan

December 2, 2008

ARMENIAN STOCK EXCHANGE
OPEN JOINT STOCK COMPANY

MARKET MAKER RULES

The present Rules define the procedures of market-maker activity at the Armenian Stock Exchange OJSC (hereinafter referred to as: “the Exchange”).

Article 1. Definitions

- 1) The concepts used in present Rules shall have the meanings as specified below.
- 2) **“Market-maker”** shall mean the Exchange member, who in due order defined by the Exchange Rules concludes transactions with securities of particular class registered and/or listed at the Exchange on its own behalf and on its own account for the purpose of maintaining, establishing or stabilizing the price thereof.
- 3) **“Order”** shall mean the buy/sell offer for the issuer’s securities of the same class placed by the trade participant in the trading system during the trading session, with specification of all material conditions that need to be in place for such offer to be satisfied.
- 4) **“Quotation”** shall mean the announcement of bid and/or ask prices in the trading system for the purpose of concluding transactions in securities.
- 5) **“Two-side quotation”** shall mean simultaneous announcement of at least one bid and one ask prices for certain type of securities in trading system, as performed by a Market-maker.
- 6) **“Market-maker spread”** shall mean the difference between the best prices for the securities of particular class stated in buy and sell orders, placed in the trading system by a Market-maker.
- 7) **“Quotation volume”** shall mean the number of securities subject to buy or sell registered in an order.
- 8) **“Trading with full pre-deposition of securities”** shall mean the type of public securities trading organized by the Exchange, during which the Exchange members can conclude transactions within the limits of the preliminary deposited securities and cash.
- 9) Other words and phrases used in these Rules shall have the meanings assigned to them under the Exchange Rules and the Law of the Republic of Armenia “On Securities Market” (hereinafter referred to as: “the Law”).

Article 2. General Provisions

- 1) The Exchange may assign Market-maker status only to its member. Market-maker status is assigned separately by each class of registered and/or listed securities and is valid solely during exchange trading with full pre-depositing of cash and securities.
- 2) Market-maker status for the same class of the securities can be assigned to several Exchange members.
- 3) Assignment of market-maker status to the Exchange member shall not imply any additional privileges and/or restrictions thereto, regarding other classes of securities.

Article 3. Requirements to Market-makers

- 1) Any Exchange member that did not have its market-maker status terminated in a compulsory manner within the preceding three months can apply to become the Market-maker for any securities traded in the Exchange.

Article 4. Requirements to Market-maker activity

- 1) The Exchange member, acting as a Market-maker of any securities traded in the exchange shall:
 - a) provide continuous two-side quotations of given class securities starting at latest 10 (ten) minutes after the opening of the trading session up until the closing thereof, except for the case defined under point b) hereof;
 - b) provide new two-side quotation within 3 (three) minutes after matching buy and/or sell orders, following the two-side quotation;
 - c) ensure minimum quotation volume defined for the given class of securities in case of partial matching during two-side quotation;
 - d) during trading session make two-side quotation within the limits of spread, defined under present Rules;
 - e) conclude at least 1 (one) transaction after every 3 (three) actual changes made in two-side quotations of given class securities during the same trading session.
- 2) If the requirements to minimum volumes of quotations and/or spread, envisaged under sub-points c) and/or d) hereof, are violated during trading session due to conclusion of transaction, the Market-maker shall restore minimum quotation and/or spread volume within 3 (three) minutes, and immediately in all other cases.
- 3) During the trading session the current spread of a Market-maker for equities shall be calculated as follows:

$$MMS = \frac{P_{sell}^{best} - P_{buy}^{best}}{P_{buy}^{best}} * 100\%$$

where:

MMS stands for the Market-maker's current spread, %;

P_{sell}^{best} represents the best (the lowest) sell price of given class securities, which has been entered by the Market-maker into the trading system on its own account and on its own behalf;

P_{buy}^{best} stands for the best (the highest) buy price of given class securities, which has been placed by the Market-maker into the trading system on its own behalf and on its own account;

- 4) During the trading session the current spread of the Market-maker for corporate bonds shall be calculated as follows:

$$MMS = \frac{Y_{sell} - Y_{buy}}{Y_{buy}} * 100\%$$

where:

MMS stands for current volume of Market-maker spread, in per cent;

Y_{sell} stands for the annual yield of the given bond, calculated based on the formula provided to the Exchange by the issuer, which corresponds to the best sell (the lowest) price of the same bonds to date placed by the Market-maker in the trading system on its own account and on its own behalf;

Y_{buy} stands for the annual yield of the given bond, calculated based on the formula provided to the Exchange by the issuer, which corresponds to the best buy (the highest) price of

the same bonds to date placed by the Market-maker in the trading system on its own behalf and on its own account;

- 5) The Market-maker's current spread for corporate bonds shall not exceed 7 (seven) per cent.
- 6) Minimum quotation volume indicated in buy or sell orders for each class of corporate bonds shall be defined accurate within one security at the rate of 0.5 (zero point five) per cent of given class (tranche) of bonds issued.
- 7) Current volume of Market-maker spread for share securities should not exceed 5 (five) per cent.
- 8) Minimum quotation volume, indicated in buy or sell orders for share securities shall be defined with accuracy of one security, as follows:
 - a) Minimum quotation volume for each class of equities representing a capitalization of less than five hundred million Armenian drams shall be defined at the rate of 0.05 (zero point five hundredth) per cent of the total number of such securities issued;
 - b) Minimum quotation volume for each class of equities representing a capitalization of between five hundred million and seven hundred and fifty million Armenian drams shall be defined at the rate of 0.04 (zero point four hundredth) per cent of the total number of such securities issued;
 - c) Minimum quotation volume for each class of equities representing a capitalization of between seven hundred and fifty million to one billion Armenian drams shall be defined at the rate of 0.03 (zero point three hundredth) per cent of the total number of such securities issued;
 - d) Minimum quotation volume for each class of equities representing a capitalization of between one billion and five billions Armenian drams shall be defined at the rate of 0.02 (zero point two hundredth) per cent of the total number of such securities issued;
 - e) Minimum quotation volume for each class of equities representing a capitalization of five billions Armenian drams and over shall be defined at the rate of 0.01 (zero point one hundredth) per cent of the total number of such securities issued.
- 9) Capitalization for each class of equities used in the calculation of the minimum quotation volume defined under point 7 hereof, shall be calculated by the last transaction price of the same securities as of the close of the previous trading session, and in case no exchange trades were done in these securities – by their nominal value.

Article 5. Rights of a Market-maker

- 1) The Exchange member acting as a Market-maker of securities traded on the Exchange shall have the right to:
 - a) change two-side quotation within the Market-maker's spread and with regard to the restrictions envisaged under sub-point e), point 1 of Article 4.
 - b) not to observe the requirement of providing two-side quotations in case total value of transactions concluded on its own account and on its own behalf during the trading session exceeds the minimum quotation volume for such securities as envisaged herein.
- 2) In case trading in the securities subject to Market-maker activity is suspended, the Exchange member is released from fulfilling the requirements to Market-maker activity envisaged herein for the period of securities' trading suspension.
- 3) A Market-maker shall have the right to conclude transactions in the Exchange trading system on its own behalf and on the account of its client, to which the requirements, privileges, and restrictions for Market-maker activities defined under the present Rules are not applied.

Article 6. Procedure for awarding Market-maker status

- 1) Decision on awarding an Exchange member the status of a Market-maker for any securities traded on the Exchange shall be taken by the Executive Director of the Exchange, according to the procedure stipulated in this Article.
- 2) In order to be awarded Market-maker status for any securities traded on the Exchange, the Exchange member should submit to the Exchange an application to get Market-maker's status (hereinafter referred to also as "application"), according to Appendix 1 hereto.
- 3) The application shall be considered submitted upon receipt thereof by the Exchange. The Executive Director of the Exchange shall take a decision on approval or denial of the application within 3 (three) business days after the application has been filed.
- 4) The Market-maker status for any securities traded on the Exchange shall be considered awarded to the Exchange member on the day the Executive Director takes the appropriate decision. From the day following the day, on which the decision came into effect, the Exchange member shall be obliged to perform the activities of Market-maker.

Article 7. Rejecting the Application to acquire Market-maker status

- 1) The Application submitted by the Exchange member shall be rejected in the following cases:
 - a) the applying Exchange member does not meet the requirements set out in Article 3 hereof,
 - b) required fields are not filled in properly in the application, or any information is distorted or missing,
 - c) trading participation or membership of the applying Exchange member was suspended while the application was under consideration,
 - d) the Exchange did not file, or has rejected, the listing application of a security mentioned in the Application to acquire Market-maker status,
 - e) a contradiction has arisen with the Law or other legislative acts, or the rules of the Exchange.
- 2) The reasons and the legal grounds for rejection shall be clearly indicated in the decision on rejecting the Application taken by the Executive Director of the Exchange.
- 3) The Executive Director shall not reject the Applications for reasons other than those envisaged by this Article.
- 4) If the Application has been rejected, the Exchange member shall have the right to submit a new application to acquire Market-maker status for other securities traded on the Exchange, as defined by these Rules.

Article 8. Suspension of the Market-maker status

- 1) Market-maker status shall be considered suspended:
 - a) for the period of suspending the trading participation the Exchange member acting as a Market-maker;
 - b) for the period of membership suspension, in case the membership of the Exchange member acting as a Market-maker was suspended.
- 2) The suspension of the Market-maker status shall be considered lifted on the business day following the lapse of the suspension period.

Article 9. Termination of the Market-maker status

- 1) The Exchange member can resign the Market-maker status for securities:
 - a) in case the amendments and/or addenda to other Exchange rules resulted in increasing the requirements to Market-maker and/or its activities;

- b) voluntarily, in cases other than those envisaged under sub-point a), point 9.1, Article hereof.
- 2) The Exchange member can resign the Market-maker status of securities by submitting a written application to the Exchange. The application shall be considered submitted upon the receipt thereof by the Exchange.
- 3) In the event of resignation according to sub-point a), point 1 of this Article, the Exchange member is obliged to describe in the application detailed reasons for resignation within 3 (three) business days after the amended rules come into force. The decision on approving or rejecting the application shall be taken by the Supervisory Board of the Exchange. In case of approval of the application, Market-maker status shall be considered terminated on the business day following the day of the Supervisory Board decision date.
- 4) In the event of resignation under sub-point b), point 1 of this Article, the payments made by the Exchange member to the Exchange while acting as a Market-maker during the three months preceding the date application was filed, are recalculated at general rates in effect within the respective period of time. In case of difference between the recalculated amount of payments and actual payments made by the Exchange member during the underlying period of time, the Exchange shall produce an invoice and within 1 (one) business day inform the Exchange member accordingly. The Exchange member shall within 5 (five) business days pay the full amount requested to the Exchange.
- 5) In the event of resignation of Market-maker status according to sub-point b), point 1 of this Article, Market-maker status of the Exchange member shall be considered terminated on the business day following the receipt of the Application.
- 6) An Exchange member's Market-maker status shall end automatically in case:
 - a) securities subject to the Market-maker's activity cease to be admitted to trading on the Exchange,
 - b) the membership of the given Exchange member is cancelled or terminated,
 - c) Legislation of the Republic of Armenia, other legal acts of the RA and/or the Exchange rules have been amended in a way that makes it impossible for the Exchange member to act as a Market-maker for the underlying securities.
- 7) Compulsory termination of an Exchange member's market-maker status shall occur if:
 - a) the Exchange member has not fulfilled the obligations arisen out of the status of a Market-maker,
 - b) there is a contradiction with the Law, other legal acts, and/or the Exchange rules, or any other grounds for Market-maker status termination set out under the said laws.
- 8) Decision on termination of the Market-maker status on any of the grounds stated under point 7) of this Article shall be taken by the Supervisory Board of the Exchange. In that case the Market-maker status shall be considered terminated on the business day following the day decision came into effect.
- 9) Once the Market-maker status of an Exchange member has been terminated, the Exchange shall within 1 (one) business day inform all Exchange members through trading system accordingly mentioning the reason for termination.
- 10) The Exchange member who resigned the Market-maker status or had it terminated for any reason, can submit new application to acquire the status of a Market-maker for the same security according to the procedure defined by these Rules.

Article 10. Benefits of the Market-maker status

- 1) Whenever a Market-maker is one of the parties to an Exchange trade in securities, for which it acts as a Market-maker, the Exchange will charge it a lower commission fee than that charged to Exchange members not acting as Market-makers.
- 2) Commission fees mentioned in point 1) of this Article shall be defined by the Exchange's "Tariff Rules".

Article 11. Supervision of compliance with Market-maker requirements

- 1) The Exchange shall supervise the compliance with the provisions of these Rules.
- 2) All disputes arising in connection with the supervision of compliance with the requirements of these Rules shall be resolved as envisaged by the legislation of the Republic of Armenia.

Article 12. Responsibility of the Market-maker

- 1) For breach of the requirements to Market-maker activity envisaged by these Rules, the Exchange member acting as the Market-maker shall be held liable according to the procedure defined in the rules of the Exchange.
- 2) An Exchange member shall be discharged from liability for breaching the requirements to Market-maker activity in case
 - a) the failure to fulfill or properly fulfill obligations of a Market-maker was caused by the failure of the Exchange trading servers or other related interruptions,
 - b) the failure to fulfill or properly fulfill obligations of a Market-maker was caused by force majeure events, whereas in the context of this point the following are not considered acts of God: strikes, failure to meet contractual obligations by the counterparty of the Exchange member, etc., which the Exchange member could have prevented or eliminated by taking appropriate steps.

Article 13. Miscellaneous

- 1) Present Rules shall come into effect as defined by the Law, unless otherwise is specified in these Rules.
- 2) The Appendix shall form an inseparable part of these Rules and shall form an integral document therewith.

Approved by the Decision of
the Supervisory Board
Armenian Stock Exchange OJSC

Johan Fredholm

June 13, 2008
HFB-01/097L

To: Head of the Executive Body,
Armenian Stock Exchange

Application
to acquire market maker status

_____ hereby applies to be awarded market maker status for
(full name of the organization)

_____, traded on the Exchange
(full name and organizational type of the issuer)

(_____), (securities class) (security ticker)

We hereby undertake to comply with the requirements set forth in the “Market Maker Rules” of the “Armenian Stock Exchange” Open Joint Stock Company and all the requirements to market-maker activity, as well as to fulfill all the obligations arising from the market maker status and its required activities properly.

(name, surname of the head of
managerial body)

(position of the chief of managerial body)

(signature)

(date)

Official Seal